

VZCZCXRO3738
PP RUEHCHI RUEHCN RUEHDT RUEHHM
DE RUEHJA #1248/01 1781032
ZNR UUUUU ZZH
P 261032Z JUN 08
FM AMEMBASSY JAKARTA
TO RUEHC/SECSTATE WASHDC PRIORITY 9396
INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS
RUEHBY/AMEMBASSY CANBERRA 2690
RUEHWL/AMEMBASSY WELLINGTON 2783
RUEHKO/AMEMBASSY TOKYO 2149
RUEHUL/AMEMBASSY SEOUL 4694
RUEHBJ/AMEMBASSY BEIJING 5164
RUEHKA/AMEMBASSY DHAKA 1040
RUEHLM/AMEMBASSY COLOMBO 1079
RUEHPB/AMEMBASSY PORT MORESBY 3859
RUEHPT/AMCONSUL PERTH 0915
RUEHHK/AMCONSUL HONG KONG 2769
RHEHNSC/NSC WASHDC
RUEAIIA/CIA WASHDC

UNCLAS SECTION 01 OF 03 JAKARTA 001248

SIPDIS

DEPT FOR FOR DRL/ILCSR (MMITTELHAUSER), G/TIP FOR STEVE
STEINER, EAP/MTS, EAP/MLS
DOL FOR ILAB (RRIGBY, BSASSER)

E.O. 12958: N/A

TAGS: [ELAB](#) [EIND](#) [ETRD](#) [PHUM](#) [PGOV](#) [ID](#)

SUBJECT: CHILD LABOR PARTICIPATION IN NORTH SUMATRA,S PRAWN
INDUSTRY DRIVEN BY SCHOOL FEES

REF: A. JAKARTA 1097
[1](#)B. JAKARTA 1057

JAKARTA 00001248 001.2 OF 003

[1](#)1. This cable was coordinated with Embassy Jakarta.

[1](#)2. (SBU) Summary: Child labor is a persistent feature of North Sumatra's prawn industry. While the low level of economic development is one component of the problem, the sharp difference between junior high and senior high school fees - and the inability of many families to pay the higher rates - is a key factor determining when youth enter the labor market and a driving force in child labor. Mission is working with NGOs and the International Labor Organization (ILO) to address this issue. End Summary.

Background

[1](#)3. (U) Located on Medan's northern edge astride the Deli River, the districts of Marelán and Amperan Perak were among the first large-scale plantation districts in Sumatra. Beginning in the latter half of the 19th century, investors there cleared the jungle and established vast tobacco and sugar cane and later rubber and oil palm estates. Built on uninhabited land, these early plantations were powered by imported labor from Java and, to a lesser extent, China and India. Plantations like these fueled North Sumatra's early growth, and the then-world renowned "Deli" tobacco made the region a household name among cigar aficionados in the first half of the 20th century. To this day, the region's plantations are among the country's most profitable and productive, and Deli tobacco wraps some of the world's priciest cigars and is ground up for use in American snuff and chew.

[1](#)4. (U) Throughout much of the 20th century, new and expanding plantations absorbed the region's growing population. By the 1980s, however, the land for new plantations was gone, new job opportunities dried up, unemployment rose, and incomes fell. More and more workers from this area sought jobs in Medan's industrial parks while others, as their ancestors did

a century before, signed up with labor brokers hoping to obtain work abroad. According to local inhabitants, after the plantations, work in the industrial parks - particularly the prawn processing plants -- is the most important source of employment.

Labor Conditions

15. (U) On June 19, Medan Principal Officer traveled to Amperan Perak and Marelán to investigate reports of exploitive child labor in the prawn processing industry. He interviewed more than three dozen workers, including a dozen child and former child workers, as well as the parents of several current and former child workers. The visit was coordinated by the influential child advocacy and anti trafficking NGO Yayasan Pondok Rakyat Kreatif (YPRK). This report is based on those interviews.

16. (U) Every morning at 6:00 am, at least 30 large busses carry approximately 1000 workers from Amperan Perak to the prawn factories in the Medan industrial estate. The estate is home to 5 major prawn factories (two also processing crab and cuttlefish); each employs 500 to 1000 workers. Output from the factories is exported to Singapore, Hong Kong, China, and Japan.

17. (U) The vast majority of workers in these factories are female. They work seven days per week starting at 7:30 a.m., though actual work hours are determined by the volume of product to be processed. Most days, workers finish up by around 4:30 p.m., board the buses, and return to their villages by 6 p.m. Several weeks per year, however, the volume of prawns to process is so great that employees may be

JAKARTA 00001248 002.2 OF 003

required to work until approximately 10 p.m. There are also occasional days when lack of supply means they are able to complete their work around 2:30 p.m.

18. (SBU) The factories make the legally dubious claim that these workers are contractors and that they are not required to provide paid leave or benefits, including severance pay or social security. The factories do, however, pay for work-related injuries and home to work transportation, and female workers who become pregnant are permitted to work as long as they are comfortable doing so and may return several months after giving birth. Pay is determined by the amount of product processed. While the specifics vary from factory to factory, in most cases employees are organized into groups of 6 or 8 and are paid their share of the group's total output. Workers prefer this system because it prevents potentially large fluctuations in their income when their output is reduced because of weakness or illness. On an average month, workers expect to receive IDR 700,000 - 900,000 (USD 75 - 100) for their labor, an amount close to the USD 90 monthly minimum wage. All workers regardless of age and gender are compensated using the same formula.

19. (U) Workers in the prawn factories complain that they are forced to handle cold, semi-frozen shrimp for hours at a time and that they must lift heavy crates. Several workers reported that on any given day, 3-4 workers will faint from exhaustion at each factory. They described this as an improvement over several years ago when as many as a dozen workers routinely passed out per day. Workers invariably told Consulate Medan that they were happy with their jobs and wages and that they enjoyed the social aspects of the job. Spouses and parents of workers said that they were proud that their family members had obtained respectable, high-paying jobs.

Prevalence of Child Labor

110. (U) Child labor has been present in the prawn factories

from the beginning. Several long-term employees estimated that their factory might employ as many as two dozen workers aged 16-17 at any one time. A number of employees said they were aware of cases where "large" 15-year olds had been employed, all agreed that this was exceptionally rare. A couple of employees said they had heard that a 14-year old was once hired, but that they did not know when or in which factory. Many more workers aged 20-25 reported that they began work when they were 16 or 17 years old.

¶11. (U) School fees appear to be a key factor determining when a youth will enter the labor market and driving force in child labor. Numerous current and former child workers said that they dropped out of school not to look for work, but because the cost of attending senior high school was sharply higher than junior high. Had the costs remained constant across grades or had their families been able to afford the higher fees, they said, they would have remained in school. Several parents of child workers confirmed this point. Parents and workers also said they felt lucky that the youth had obtained work in the factories. Not only was the salary relatively high and the work constant, particularly compared with work on the plantations, they said, but there was greater prestige associated with the factory jobs.

¶12. (SBU) Oktaviana Perangin-Angin, the director of YPRK, has worked for more than a decade on labor, child, and trafficking issues. In other cases she has worked on, such as the once notorious fishing platforms of northern Sumatra, she said the working conditions were so exploitive that the solution was easy: expose the exploiters and force them to change their ways or close down. In this case, however, there is no easy solution. Pressuring the companies to eliminate the underage workers would not improve their condition, she said, but could make it worse, particularly if it pushed them

JAKARTA 00001248 003.2 OF 003

into the hands of traffickers or if it merely delayed their entry into the work force by a year or two. The best answer, she believes, is to improve the plight of all the workers in the factories by promoting safe and healthy working conditions and that they receive the benefits to which they are legally entitled.

¶13. Consulate Medan is also working with YPRK and local officials to discuss ways to encourage communities and families to keep children in school. Labatt will also raise this issue with the ILO.

HUME